

# House File 643 - Introduced

HOUSE FILE \_\_\_\_\_  
BY QUIRK

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning horses and horse racing, by providing for  
2 minimum racing days and arbitration for resolving disputes on  
3 horse racing agreements among representatives of horse breeds,  
4 horse purses for standardbred horses at county fairs, county  
5 gambling elections, by providing for an equine industry  
6 promotional commission and related fund, and by making  
7 appropriations, and by providing for an effective date and  
8 applicability provision.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 2397YH 82  
11 ec/je/5

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1 1 Section 1. Section 99F.6, subsection 4, paragraph a, Code  
2 2007, is amended to read as follows:  
1 3 a. Before a license is granted, the division of criminal  
1 4 investigation of the department of public safety shall conduct  
1 5 a thorough background investigation of the applicant for a  
1 6 license to operate a gambling game operation on an excursion  
1 7 gambling boat. The applicant shall provide information on a  
1 8 form as required by the division of criminal investigation. A  
1 9 qualified sponsoring organization licensed to operate gambling  
1 10 games under this chapter shall distribute the receipts of all  
1 11 gambling games, less reasonable expenses, charges, taxes,  
1 12 fees, and deductions allowed under this chapter, as winnings  
1 13 to players or participants or shall distribute the receipts  
1 14 for educational, civic, public, charitable, patriotic, or  
1 15 religious uses as defined in section 99B.7, subsection 3,  
1 16 paragraph "b". However, a licensee to conduct gambling games  
1 17 under this chapter shall, unless an operating agreement for an  
1 18 excursion gambling boat otherwise provides, distribute at  
1 19 least three percent of the adjusted gross receipts for each  
1 20 license year for educational, civic, public, charitable,  
1 21 patriotic, or religious uses as defined in section 99B.7,  
1 22 subsection 3, paragraph "b". However, if a licensee who is  
1 23 also licensed to conduct pari-mutuel wagering at a horse  
1 24 racetrack has unpaid debt from the pari-mutuel racetrack  
1 25 operations, the first receipts of the gambling games operated  
1 26 within the racetrack enclosure less reasonable operating  
1 27 expenses, taxes, and fees allowed under this chapter shall be  
1 28 first used to pay the annual indebtedness. The commission  
1 29 shall authorize, subject to the debt payments for horse  
~~1 30 racetracks and the provisions of paragraph "b" for dog~~  
~~1 31 racetracks, and the debt payment provisions of this paragraph~~  
~~1 32 and the provisions of paragraph "c" for horse racetracks, a~~  
1 33 licensee who is also licensed to conduct pari-mutuel dog or  
1 34 horse racing to use receipts from gambling games within the  
1 35 racetrack enclosure to supplement purses for races  
2 1 particularly for Iowa-bred horses pursuant to an agreement  
2 2 which shall be negotiated between the licensee and  
2 3 representatives of the dog or horse owners. ~~For agreements~~  
~~2 4 subject to commission approval concerning purses for horse~~  
~~2 5 racing beginning on or after January 1, 2006, and ending~~  
~~2 6 before January 1, 2021, the agreements shall provide that~~  
~~2 7 total annual purses for all horse racing shall be no less than~~  
~~2 8 eleven percent of the first two hundred million dollars of net~~  
~~2 9 receipts, and six percent of net receipts above two hundred~~  
~~2 10 million dollars. Agreements that are subject to commission~~  
~~2 11 approval concerning horse purses for a particular period of~~  
~~2 12 time beginning on or after January 1, 2006, and ending before~~  
~~2 13 January 1, 2021, shall be jointly submitted to the commission~~  
~~2 14 for approval. A qualified sponsoring organization shall not~~

2 15 make a contribution to a candidate, political committee,  
2 16 candidate's committee, state statutory political committee,  
2 17 county statutory political committee, national political  
2 18 party, or fund-raising event as these terms are defined in  
2 19 section 68A.102. The membership of the board of directors of  
2 20 a qualified sponsoring organization shall represent a broad  
2 21 interest of the communities. ~~For purposes of this paragraph,~~  
~~2 22 "net receipts" means the annual adjusted gross receipts from~~  
~~2 23 all gambling games less the annual amount of money pledged by~~  
~~2 24 the owner of the facility to fund a project approved to~~  
~~2 25 receive vision Iowa funds as of July 1, 2004.~~

2 26 Sec. 2. Section 99F.6, subsection 4, Code 2007, is amended  
2 27 by adding the following new paragraph:

2 28 NEW PARAGRAPH. c. (1) The commission shall authorize the  
2 29 licensee of a pari-mutuel horse racetrack located in Polk  
2 30 county to conduct gambling games as provided in section 99F.4A  
2 31 if the licensee schedules at least one hundred fourteen live  
2 32 horse racing performances of at least ten live races each  
2 33 performance day between April 15 and October 15 during a  
2 34 calendar year.

2 35 (2) For agreements subject to commission approval  
3 1 concerning purses for horse racing, the agreements shall  
3 2 provide that total annual purses for all horse racing shall be  
3 3 no less than eleven percent of the first two hundred million  
3 4 dollars of net receipts, and six percent of net receipts above  
3 5 two hundred million dollars. Agreements that are subject to  
3 6 commission approval concerning horse racing, including but not  
3 7 limited to provisions governing horse purses and the purses  
3 8 for each applicable horse breed, racing schedules, and the  
3 9 number of live racing events per racing day, for a particular  
3 10 period of time, shall be jointly submitted to the commission  
3 11 for approval. If any party representing thoroughbreds,  
3 12 quarter horses, or standardbred horses that race at the  
3 13 racetrack enclosure fails to reach agreement concerning horse  
3 14 racing, the commission shall impose arbitration and an  
3 15 arbitration timetable for the licensee and the representative  
3 16 or representatives of the applicable horse breed not in  
3 17 agreement. Each party shall select a representative, and the  
3 18 two representatives shall select a third person to assist in  
3 19 negotiating an agreement. Alternately, each party shall  
3 20 submit the name of the proposed third person to the  
3 21 commission, who shall then select one of the two persons to  
3 22 serve as the third party. All parties to the negotiations,  
3 23 including the commission, shall consider that the purpose of  
3 24 building the horse racetrack was to facilitate the development  
3 25 and promotion of Iowa thoroughbred, quarter horse, and  
3 26 standardbred horses in this state and shall negotiate and make  
3 27 decisions in accordance with that purpose. For purposes of  
3 28 this subparagraph, "net receipts" means the annual adjusted  
3 29 gross receipts from all gambling games less the annual amount  
3 30 of money pledged by the owner of the facility to fund a  
3 31 project approved to receive vision Iowa funds as of July 1,  
3 32 2004.

3 33 Sec. 3. NEW SECTION. 99F.6A STANDARDBRED HORSE PURSE  
3 34 FUND == FEES.

3 35 1. In addition to any other license fees required by this  
4 1 chapter, a person awarded a new license or renewing an  
4 2 existing license to conduct gambling games under this chapter  
4 3 on or after January 1, 2007, but before January 1, 2021, shall  
4 4 pay, on an annual basis, a supplemental standardbred horse  
4 5 purse fee of fifty thousand dollars to the commission for  
4 6 deposit in the standardbred horse purse fund created in this  
4 7 section.

4 8 2. A standardbred horse purse fund is created in the state  
4 9 treasury under the control of the commission. The fund  
4 10 consists of fees deposited in the fund as provided by this  
4 11 section and any other moneys appropriated to the fund.

4 12 3. Moneys in the fund are appropriated to the commission  
4 13 for the purpose of providing and supplementing purses for  
4 14 standardbred horse races at county fair racetracks in this  
4 15 state. The commission shall adopt rules providing for the  
4 16 distribution of moneys from the fund.

4 17 4. Notwithstanding section 12C.7, subsection 2, interest  
4 18 or earnings on moneys deposited in the fund shall be credited  
4 19 to the fund. Notwithstanding section 8.33, moneys credited to  
4 20 the fund shall not revert to the general fund of the state at  
4 21 the close of a fiscal year.

4 22 Sec. 4. Section 99F.7, subsection 11, paragraph d, Code  
4 23 2007, is amended to read as follows:

4 24 d. If the proposition to operate gambling games on an  
4 25 excursion gambling boat or at a racetrack enclosure is

4 26 approved by a majority of the county electorate voting on the  
4 27 proposition, the board of supervisors shall submit the same  
4 28 proposition to the county electorate at the general election  
4 29 held in 2002 and, unless the operation of gambling games is  
4 30 terminated earlier as provided in this chapter or chapter 99D,  
4 31 at the general election held at each subsequent eight-year  
4 32 interval. However, if a proposition to operate gambling games  
4 33 on an excursion gambling boat or at a racetrack enclosure is  
4 34 approved by a majority of the county electorate voting on the  
4 35 proposition in two successive elections, the proposition shall  
5 1 not thereafter be required to be submitted to the county  
5 2 electorate.

5 3 Sec. 5. NEW SECTION. 175B.1 DEFINITIONS.

5 4 1. "Commission" means the equine industry promotional  
5 5 commission established pursuant to section 175B.2.

5 6 2. "Department" means the department of agriculture and  
5 7 land stewardship.

5 8 3. "Fund" means the equine industry promotional fund  
5 9 created pursuant to section 175B.6.

5 10 4. "Secretary" means the secretary of agriculture.

5 11 Sec. 6. NEW SECTION. 175B.2 EQUINE INDUSTRY PROMOTIONAL  
5 12 COMMISSION.

5 13 1. An equine industry promotional commission is  
5 14 established within the department.

5 15 2. The commission shall be composed of the following  
5 16 members:

5 17 a. Three nonvoting, ex officio members who shall include  
5 18 all of the following:

5 19 (1) The secretary of agriculture or the secretary's  
5 20 designee.

5 21 (2) The dean of the college of agriculture at Iowa state  
5 22 university or the dean's designee.

5 23 (3) A licensed veterinarian associated with the veterinary  
5 24 teaching hospital at the college of veterinary medicine at  
5 25 Iowa state university who is appointed by the dean of the  
5 26 college.

5 27 b. Eleven voting members who shall be appointed by the  
5 28 governor. The voting members must be presently actively  
5 29 engaged or have long been actively engaged in providing for  
5 30 the care and management of equines, including breeds of equine  
5 31 common in this state. Eight of the members shall be actively  
5 32 engaged in areas of equine expertise, which shall include at  
5 33 least all of the following:

5 34 (1) Racing or speed events, which may include  
5 35 quarterhorse, thoroughbred, or harness racing.

6 1 (2) Ring or arena events or judging competitions, which  
6 2 may include shows, exhibitions, rodeos, or other contests.

6 3 (3) Recreational activities, which may include trail  
6 4 riding.

6 5 (4) Activities which involve pulling wagons, carts,  
6 6 carriages, or agricultural equipment or implements.

6 7 (5) Ranching activities such as herding and roping  
6 8 livestock.

6 9 (6) Breeding equine.

6 10 (7) Support services providing for routine care and  
6 11 management, which may include auctioneers, stables, trainers,  
6 12 tack dealers, feed dealers, or ferrriers.

6 13 (8) The practice of veterinary medicine as a member in  
6 14 good standing of the American association of equine  
6 15 practitioners.

6 16 3. The governor shall appoint the voting members based on  
6 17 a list of nominations submitted by organizations or  
6 18 individuals representing areas of equine expertise.  
6 19 Appointments of voting members are subject to the requirements  
6 20 of sections 69.16 and 69.16A. In addition, the appointments  
6 21 shall be geographically balanced. Unless the governor  
6 22 determines that it is not feasible, at least one person  
6 23 appointed as a voting member shall reside in each of the  
6 24 state's congressional districts at the time of appointment.

6 25 4. Except for initial appointees, the voting members shall  
6 26 serve three-year terms. However, the governor shall appoint  
6 27 initial members to serve for two-year or three-year terms to  
6 28 ensure the appointment of at least one member each year. A  
6 29 member is eligible for reappointment but shall not serve for  
6 30 more than two consecutive terms. A vacancy on the commission  
6 31 shall be filled for the unexpired portion of the regular term  
6 32 in the same manner as regular appointments are made. A member  
6 33 filling an unexpired term shall not serve for more than seven  
6 34 consecutive years. A former member may be appointed to the  
6 35 commission if the former member has not served on the  
7 1 commission for two years.

7 2 5. The commission shall elect a chairperson and other  
7 3 officers from among its voting members as provided by the  
7 4 commission. The commission shall meet on a regular basis and  
7 5 at the call of the chairperson or upon the written request to  
7 6 the chairperson of five or more voting members. The  
7 7 commission shall adopt rules for the conduct of its business  
7 8 and may provide for the establishment of committees.

7 9 6. Members are not entitled to receive compensation but  
7 10 shall receive reimbursement of expenses from the department as  
7 11 provided in section 7E.6.

7 12 7. Six voting members constitute a quorum and the  
7 13 affirmative vote of a majority of the voting members present  
7 14 is necessary for any substantive action to be taken by the  
7 15 commission. The majority shall not include any member who has  
7 16 a conflict of interest and a statement by a member that the  
7 17 member has a conflict of interest is conclusive for this  
7 18 purpose. A vacancy in the membership does not impair the  
7 19 duties of the commission.

7 20 Sec. 7. NEW SECTION. 175B.3 COMMISSION'S MISSION.

7 21 The commission is the principal public organization devoted  
7 22 to promoting the collective interests of the state's equine  
7 23 industry.

7 24 Sec. 8. NEW SECTION. 175B.4 COMMISSION DUTIES.

7 25 In carrying out its mission, as provided in section 175B.3,  
7 26 the commission may do all of the following:

- 7 27 1. Market and promote the equine industry.
- 7 28 2. Maintain an accurate and current database regarding the  
7 29 equine industry and equine communities.
- 7 30 3. Collect and disseminate accurate information regarding  
7 31 equines to the equine industry and equine communities.
- 7 32 4. Initiate or support equine educational programs.
- 7 33 5. Initiate or support equine research.

7 34 Sec. 9. NEW SECTION. 175B.5 DEPARTMENT DUTIES.

7 35 The department shall assist the commission in carrying out  
8 1 its mission as provided in section 175B.3 by doing all of the  
8 2 following:

- 8 3 1. Furnishing facilities, supplies, and clerical  
8 4 assistance.
- 8 5 2. Assisting the commission in carrying out its duties as  
8 6 provided in section 175B.4.
- 8 7 3. Administering the equine industry promotional fund as  
8 8 provided in section 175B.6.

8 9 Sec. 10. NEW SECTION. 175B.6 EQUINE INDUSTRY PROMOTIONAL  
8 10 FUND.

- 8 11 1. An equine industry promotional fund is created in the  
8 12 state treasury under the administration of the department and  
8 13 the control of the commission. The fund is composed of moneys  
8 14 appropriated by the general assembly and moneys available to  
8 15 and obtained or accepted by the department from the United  
8 16 States or private sources for placement in the fund.
- 8 17 2. Moneys in the fund are appropriated to the commission  
8 18 exclusively to assist the commission in carrying out its  
8 19 duties as provided in section 175B.4, and the department in  
8 20 carrying out its duties as provided in section 175B.5.
- 8 21 3. Section 8.33 shall not apply to moneys in the fund.  
8 22 Notwithstanding section 12C.7, moneys earned as income or  
8 23 interest from the fund shall remain in the fund until expended  
8 24 as provided in this section.

8 25 Sec. 11. EFFECTIVE DATE == RETROACTIVE APPLICABILITY. The  
8 26 section of this Act enacting section 99F.6A, being deemed of  
8 27 immediate importance, takes effect upon enactment and is  
8 28 retroactively applicable to licenses issued or renewed on or  
8 29 after January 1, 2007.

#### 8 30 EXPLANATION

8 31 This bill concerns horses, horse racing, and gambling.  
8 32 Code section 99F.6 is amended by the bill as it relates to  
8 33 horse racing at a racetrack enclosure licensed to conduct  
8 34 gambling games. The Code section is amended to provide that  
8 35 the requirement that a percentage of gambling receipts be  
9 1 provided for horse purses does not terminate on January 1,  
9 2 2021. In addition, the section is amended to provide that a  
9 3 licensee of a horse racetrack located in Polk county shall be  
9 4 allowed to conduct gambling games only if the licensee  
9 5 schedules at least 114 live horse racing performances of at  
9 6 least 10 live races each performance day between April 15 and  
9 7 October 15 during a calendar year.

9 8 The bill also provides that agreements on horse racing  
9 9 shall include provisions governing horse purses, purses per  
9 10 horse breed, the number of racing days, and the number of live  
9 11 racing events per day.

9 12 The amended Code section also provides that if a party

9 13 representing thoroughbreds, quarter horses, or standardbred  
9 14 horses that race at the racetrack enclosure is unable to reach  
9 15 agreement on horse racing, the racing and gaming commission  
9 16 shall impose arbitration and establish an arbitration  
9 17 timetable to resolve the dispute. The bill provides that each  
9 18 party to the dispute shall select a representative and the two  
9 19 representatives shall select a third party, or each party to  
9 20 the dispute shall submit a name to the commission, who shall  
9 21 select the third party. The bill provides that the parties  
9 22 involved in the arbitration, including the commission, shall  
9 23 consider that the horse racetrack was built to facilitate the  
9 24 development and promotion of Iowa thoroughbred, quarter horse,  
9 25 and standardbred horses in this state.

9 26 New Code section 99F.6A is created by the bill to establish  
9 27 a standardbred horse purse fund under the control of the  
9 28 racing and gaming commission. The bill provides that in  
9 29 addition to any other license fees, a person awarded a new  
9 30 license or renewing an existing license to conduct gambling  
9 31 games under Code chapter 99F on or after January 1, 2007, but  
9 32 before January 1, 2021, shall pay, on an annual basis, a  
9 33 supplemental standardbred horse purse fee of \$50,000 to the  
9 34 commission for deposit in the fund. The bill provides that  
9 35 moneys in the fund are appropriated to the commission for the  
10 1 purpose of providing and supplementing horse purses for  
10 2 standardbred horse races at county fair racetracks in the  
10 3 state. The bill provides that this section takes effect upon  
10 4 enactment and applies retroactivity to licenses issued or  
10 5 renewed on and after January 1, 2007.

10 6 Code section 99F.7 is amended to provide that if a  
10 7 proposition to operate gambling games on an excursion boat or  
10 8 racetrack has been approved in two successive elections in a  
10 9 county, the proposition to authorize gambling games is not  
10 10 thereafter required to be submitted to the county electorate.  
10 11 Current law provides that the proposition to conduct gambling  
10 12 games shall be resubmitted to the county electorate every  
10 13 eight years.

10 14 Finally, the bill establishes an equine industry  
10 15 promotional commission which is housed in the department of  
10 16 agriculture and land stewardship. The commission is composed  
10 17 of both nonvoting, ex officio members and voting members. The  
10 18 nonvoting, ex officio members include the secretary of  
10 19 agriculture or the secretary's designee, the dean of the  
10 20 college of agriculture at Iowa state university or the dean's  
10 21 designee, and a licensed veterinarian appointed by the dean of  
10 22 the college of veterinary medicine at Iowa state university.  
10 23 The commission includes 11 voting members appointed by the  
10 24 governor who are actively engaged or have long been actively  
10 25 engaged in providing for the care and management of equines.  
10 26 The bill requires that a number of the appointees have  
10 27 expertise in diverse areas of equine endeavors, including  
10 28 racing, ring, or arena events, recreational activities,  
10 29 power-related activities such as pulling wagons or plows,  
10 30 ranching, breeding, providing support services, and providing  
10 31 veterinary care. The bill provides a number of procedures for  
10 32 the appointment of members, voting, conduct of meetings, and  
10 33 reimbursement of members, which are consistent with other  
10 34 statutes establishing citizen-appointed bodies.

10 35 The bill states that the commission's mission is to promote  
11 1 the collective interests of the state's equine industry.

11 2 The bill authorizes the commission to perform a number of  
11 3 duties required to accomplish its mission, including marketing  
11 4 and promoting the equine industry, maintaining an accurate and  
11 5 current database regarding the equine industry, collecting and  
11 6 disseminating accurate information regarding equines, and  
11 7 initiating and supporting educational or research programs.

11 8 The bill establishes an equine industry promotional fund  
11 9 under the control of the commission. Moneys in the fund are  
11 10 appropriated to the commission exclusively to assist the  
11 11 commission in carrying out its duties.

11 12 LSB 2397YH 82

11 13 ec:rj/je/5